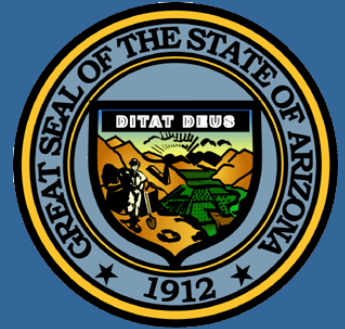


# State of Arizona Health Insurance Exchange (HIX) Overview



Office of Economic Recovery  
March 10, 2011

# HIX's Purpose

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- Transparent, centralized marketplace to provide individuals and small employers access to affordable health insurance

# HIX Governance

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- States can choose to operate their own Exchange or opt for a federally operated exchange
- Section 1311 of the Patient Protection and Affordable Care Act (ACA) provides states with that option and funding for the planning and establishment of an Exchange

# State HIX “Musts”

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- Stakeholders consulted on governance and structure
- Ensure the Exchange is publicly accountable and transparent
- Have technically competent leadership to meet all federal requirements
- HIX leadership can be a:
  - New or existing state agency
  - Nonprofit created by the State
  - Quasi-governmental entity

# Key Federal HIX Dates

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- **January 1, 2013:** States must demonstrate progress toward successful implementation of an Exchange, or the Secretary of Health and Human Services will implement an Exchange in that State.
- **Summer 2013:** State Exchanges must begin an initial open enrollment period for individuals and small employers for coverage effective January 1, 2014.
- **January 1, 2014:** The Exchange must be fully operational.
- **January 1, 2015:** The Exchange must be self sustaining and is allowed to charge user fees or assessments.

# Federal Requirements

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- **Individual Market Coverage** - an Exchange must facilitate the purchase and sale of qualified health plans in the individual and family market.
- **Small Group Market Coverage** - States that establish an Exchange must also provide for the establishment of a Small Business Health Options Program (SHOP Exchange) to assist qualified small businesses in facilitating the enrollment of their employees and dependents in qualified health plans offered in the small group market.

# Federal Requirements Continued

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- **Public Health Programs** - an Exchange must be able to determine eligibility for and enroll people in public health programs such as Arizona Health Care Cost Containment System (AHCCCS) or food stamps.
- **Other Mandated Requirements** - an Exchange must follow the additional requirements in the ACA and regulations published by the Department of Health and Human Services (HHS).

# HIX Eligibility

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- Individuals/Families
  - Arizona residents
  - U.S. citizens
  - Legal residents
- Small employers (via SHOP)
  - 1-100 employees



# HIX Qualified Health Plan

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- An insurer must be certified as having met the federal requirements related to:
  - Marketing practices
  - Network adequacy including:
    - Essential community providers
    - Accreditation on clinical quality measures
    - Quality improvement strategies
    - Use uniform enrollment form and standard format to present plan information
    - Meet quality measures for health performance
  - Provide the essential benefits package as defined by HHS.
  - Is licensed and in good standing with the DOI.
  - Agrees to offer at least one silver and one gold level plan in the Exchange.
  - Complies with any additional requirements established by HHS.

# Health Plans Offered

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- 4 benefit categories plus a separate catastrophic plan:
  - **Bronze Plan**
    - minimum coverage by providing the essential health benefits
    - covers 60% of the benefit costs of the plan, with an out of pocket limit equal to the Health Savings Account (HSA) current limit of \$5,950 for individuals and \$11,900 for families
  - **Silver Plan**
    - provides the essential benefit package
    - covers 70% of the benefit costs of the plan, with the HSA out of pocket limits
  - **Gold Plan**
    - provides the essential benefits package
    - covers 80% of the benefit costs of the plan, with the HSA out of pocket limits
  - **Platinum Plan**
    - provides the essential benefit package
    - covers 90% of the benefit costs of the plan, with the HSA out of pocket limits
  - **Catastrophic Plan**
    - only available to people under age 30
    - individuals who are exempt from the mandate to purchase coverage
    - provides catastrophic coverage only which is set at the HSA level except for prevention and three primary care visits

# HIX's Mandatory Duties

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1. Certification, recertification and decertification of health benefit plans as qualified health plans.
2. Maintain an internet web site so qualified individuals and small employers can receive standardized comparative information on qualified health plans and purchase coverage.
3. Maintain a call center to provide assistance.
4. Screen individuals for eligibility in AHCCCS and KidsCare and if eligible enroll that individual.

# HIX's Duties Continued

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5. Establish an electronic calculator to assist individuals in determining their eligibility for premium assistance tax credits and cost sharing subsidies.
6. Establish a system to rate qualified health plans offered in the Exchange on the basis of cost and quality.
7. Develop a standardized format for enrollment and for presenting health benefit options.
8. Select entities to act as navigators to provide public education and outreach services.

# HIX's Duties Continued

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9. Grant a certification of exemption from the individual mandate and transfer information to the U.S. Treasury.
10. Review the rate of premium growth in and outside the Exchange to determine if eligibility should remain limited to small employers.
11. Consult with stakeholders on issues relevant to carrying out the duties of the Exchange.
12. Meet the financial integrity requirements in the ACA.

# HIX Making Health Insurance Affordable

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- **Refundable and Advance-able Premium Credits**
  - Eligible individuals and families with incomes between 133-400% of the Federal Poverty Level (FPL) to purchase insurance through the Exchange
  - Premium credits are set on a sliding scale and tied to the second lowest cost silver plan
- **Cost Sharing Subsidies**
  - Eligible individuals and families on a sliding scale
  - The subsidies reduce the out of pocket amounts and annual limits

# Arizona's HIX Options

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- Arizona may choose to allow the Exchange to contract with an “eligible entity” for any of its functions, such as certifying health plans to sell in the Exchange or enrolling eligible individuals into public health programs
  - An eligible entity can be:
    - AHCCCS
    - Arizona Department of Insurance (DOI)
    - An entity with experience in benefit administration or other experience relevant to the Exchange operations
  - An eligible entity can not be a health insurance provider or an affiliate of a health insurer